

Committee on Ways and Means Democrats

Representative Charles B. Rangel - Ranking Democratic Member

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Rising Poverty, Declining Assistance -- *Is this Compassionate Conservatism?*

Summary:

Since President Bush assumed office, an additional 4.3 million Americans have fallen into poverty, according to the most recent statistics from the Census Bureau.

Furthermore, the percentage of Americans living in poverty (the poverty rate) has now risen for three years in a row.

By contrast, during the Clinton Administration, the poverty rate fell for seven years in a row, and the number of people in poverty declined by almost 7.7 million.

Despite the increase in poverty over the last three years, resources for many programs designed to help families escape poverty have declined in real terms. This report highlights funding levels of four non-entitlement programs that help people exit or avert poverty, as well as provide basic assistance to poor families. These programs demand action from the Congress and the President to respond to increasing need. All of them have failed to keep pace with inflation (not to mention rising poverty) and have therefore lost purchasing power.

In total, annual funding levels for these programs have declined in real terms by over \$1.7 billion since 2001.

Temporary Assistance for Needy Families:

The Temporary Assistance for Needy Families Program (TANF) provides assistance to very poor families, and it funds efforts to move individuals from welfare to work. Funding for this block grant has not increased since its inception in 1996. Over the past two years, TANF funding has been provided through temporary extensions because the program's authorization lapsed after FY 2002. Compared to FY 2001 (when poverty began to rise), funding for TANF in FY 2004 declined in real terms by \$918 million, or 5.1%, according to the Congressional Research Service (CRS).¹

Child Care Assistance:

The Child Care and Development Block Grant (CCDBG) provides day care subsidies to low-income families. This block grant had been receiving modest annual increases until its authorization

expired at the end of FY 2002. Since then, it has received flat funding through a series of temporary extensions. Compared to FY 2001, annual funding for the CCDBG has declined by \$8 million in real terms according to CRS.

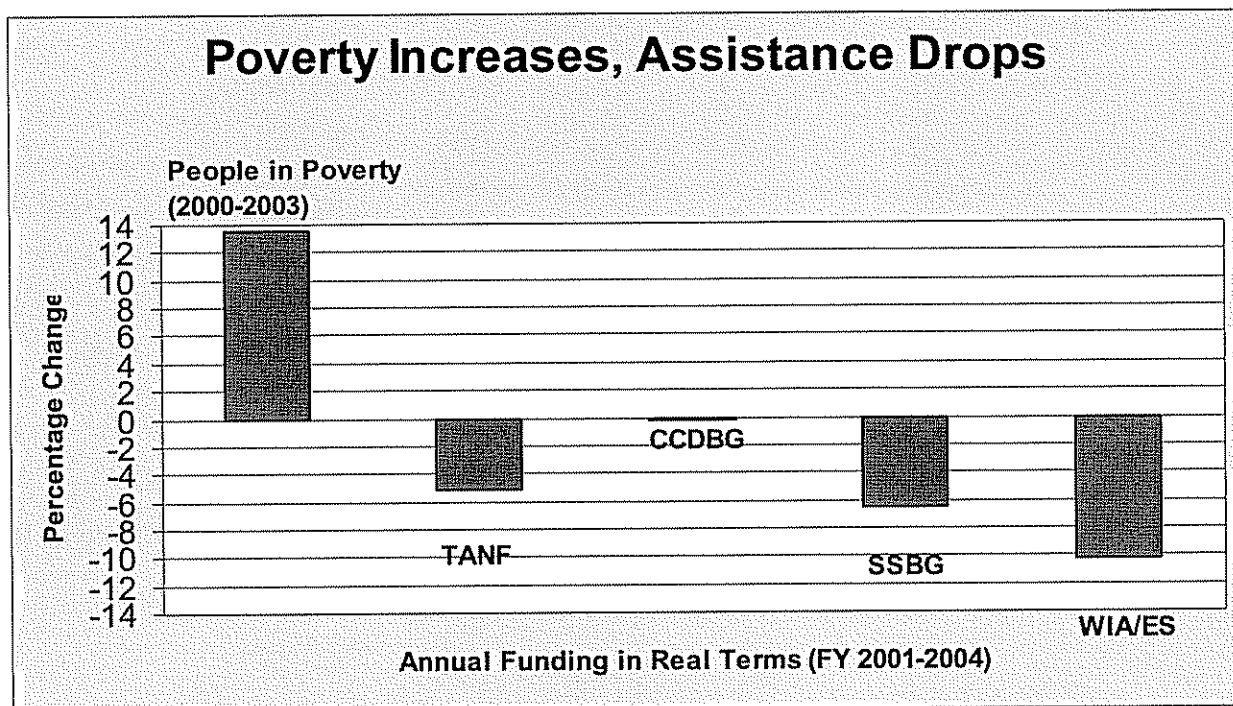
Social Services:

The Social Services Block Grant (SSBG) funds a variety of services for low-income families and at-risk populations, including child care assistance, child protection services, home care for the disabled,

employment services and substance abuse treatment. According to CRS, annual funding for the SSBG has declined in real terms by \$118 million, or 6.5 %, since FY 2001.

Job Training:

Funds provided through the Workforce Investment Act (WIA) and Employment Services (ES) support a variety of job training and preparation activities for dislocated workers. Annual funding for job training through WIA and ES has declined in real terms by \$674 million, or 10.2%, according to CRS. In fact, this funding has fallen noticeably even in nominal terms compared to FY 2001.



1. CRS calculated inflation-adjusted funding levels for the four programs by using the Gross Domestic Product price deflator, which is the broadest measure of price change in the economy. Using the Consumer Price Index as an alternative measure would have illustrated even larger effects on the loss in purchasing power since 2001.